

REPORTS ANALYSIS REFERRAL

TO

OFFICE OF GENERAL COUNSEL

DATE: March 13, 2006

ANALYST: Jennifer Thangavelu

- 27044170088
- I. COMMITTEE: Ohio State Medical Association Political
Action Committee (OSMAPAC)
(C00003327)
Timothy Maglione, Treasurer
3401 Mill Run Drive
Hilliard, OH 43026
 - II. RELEVANT STATUTES: 2 U.S.C. §432(b)(3)
2 U.S.C. §432(c)(5)
2 U.S.C. §432(h)(1)
2 U.S.C. §439a(b)
2 U.S.C. §432(b)(4)(H)(v)
2 CFR 102.9 (a)(2) and (b)(1)
2 CFR 103.3 (a)
 - III. BACKGROUND:

Other Violations of the Federal Election Campaign Act (Unauthorized Disbursement of Committee Funds)

On July 12, 2005, a Reports Analysis Division ("RAD") analyst received a call from Almeta Cooper, the General Counsel of the Ohio State Medical Association (OSMA); Terrence O'Donnell, an Attorney for Bricker & Eckler; and Kent Studebaker, the Senior Director of OSMA. Ms. Cooper stated that from 2000 until June 30, 2005, an OSMA employee embezzled Committee funds by disguising the disbursements as payments to the American Medical Association Political Action Committee (AMAPAC). Ms. Cooper added that these payments were only included in the Committee's internal accounting; they were not itemized on the Committee's FEC disclosure reports. In addition, Ms. Cooper stated that the cash-on-hand totals disclosed on the Committee's FEC reports "reflects the amounts this employee was diverting to herself." In closing, Ms. Cooper mentioned that OSMA is insured against this type of theft, and as the policyholder, OSMA plans to reimburse the Committee when payment is received from the insurance company. Ms. Cooper, Mr. O'Donnell, and Mr. Studebaker wanted to

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know how to properly disclose this reimbursement. The Analyst stated that she would call the Committee back with further instructions (Attachment 2).

On July 14, 2005, the RAD analyst called Ms. Cooper to discuss how the Committee should report the embezzled disbursements and the expected insurance reimbursement, which would cover the theft. The Analyst advised Ms. Cooper that the Committee should file a miscellaneous text submission to disclose the dates and embezzled amounts for each instance of theft that occurred between the years 2000 and 2004. Ms. Cooper questioned if the Committee could report the yearly amounts of funds embezzled between the calendar years of 2000 through 2004 in the miscellaneous text submission, instead of disclosing each instance of theft. In response, the Analyst advised her that the Committee should use the recommended reporting method, which would provide complete disclosure of each diverted payment.

The Analyst also informed Ms. Cooper that the Committee should itemize each embezzled amount that occurred during 2005 on Schedule B (Itemized Disbursements) for Line 21(b) (Other Federal Operating Expenditures) on the 2005 Mid-Year Report. The Analyst further clarified that the insurance reimbursement, which the Committee indicated it expects to receive during the second half of 2005, should be disclosed as a receipt on Schedule A (Itemized Receipts) for Line 17 (Other Federal Receipts) on the 2005 Year End Report. The Analyst stated that the Committee should include a memo text in the report fully explaining the reimbursement.

Finally, the Analyst questioned Ms. Cooper as to how the cash-on-hand, as disclosed on the affected reports, could accurately reflect the embezzled funds since these payments were not itemized. The Analyst also asked if the embezzled amounts were small enough to be listed as unitemized by the electronic filing software. Ms. Cooper, however, could not provide answers to these questions (Attachment 2).

On July 27, 2005, the Committee filed an original 2005 Mid-Year Report covering the period from January 1, 2005 through June 30, 2005 (Image 25980604778). The report disclosed \$0.00 in disbursements on Line 21(b) (Other Federal Operating Expenditures) of the Detailed Summary Page (Image 25980604781).

On July 29, 2005, the Committee filed an Amended 2005 Mid-Year Report covering the period from January 1, 2005 through June 30, 2005 (Image 25970840547). The report disclosed six (6) expenditures to "Ms Jamee Patton" as memo entries totaling \$6,950.00 on Schedule B (Itemized Disbursements) (Images 25970840592-94). The first memo entry was dated January 3, 2005 and stated, "OSMAPAC disclosed to FEC Campaign Finance Analyst Jennifer Thangavelu on July 12, 2005 that OSMAPAC confirmed through its independent auditor that Jamee L. Patton, a former Ohio State Medical Association employee, misappropriated these funds during this period." (Image 25970840627)

On July 29, 2005 at 15:40, the Committee filed a miscellaneous text submission referencing the misappropriation of funds that occurred in the year 2000. The submission stated, "As reported to you, OSMAPAC has confirmed through its independent auditor

that Ms. Patton, a former Ohio State Medical Association employee, misappropriated these funds during this period.” The text also included the date, check number and amount of the misappropriation, which totaled \$2,000 (Image 25970841751).

On July 29, 2005 at 15:51, the Committee filed another miscellaneous text submission referencing the misappropriation of funds that occurred in the year 2004. The submission stated, “As reported to you, OSMAPAC has confirmed through its independent auditor that Ms. Patton, a former Ohio State Medical Association employee, misappropriated these funds during this period.” The text also included the date, check number and amount of the misappropriations, which totaled \$18,250.00 (Image 25980607832).

On July 29, 2005 at 15:53, the Committee filed another miscellaneous text submission referencing the misappropriation of funds that occurred in the year 2001. The submission stated, “As reported to you, OSMAPAC has confirmed through its independent auditor that Ms. Patton, a former Ohio State Medical Association employee, misappropriated these funds during this period.” The text also included the date, check number and amount of the misappropriations, which totaled \$6,000.00 (Image 25980607833).

On July 29, 2005 at 15:54, the Committee filed another miscellaneous text submission referencing the misappropriation of funds that occurred in the year 2002. The submission stated, “As reported to you, OSMAPAC has confirmed through its independent auditor that Ms. Patton, a former Ohio State Medical Association employee, misappropriated these funds during this period.” The text also included the date, check number and amount of the misappropriations, which totaled \$27,920.00 (Image 25980607834).

On July 29, 2005 at 15:55, the Committee filed another miscellaneous text submission referencing the misappropriation of funds that occurred in the year 2003. The submission stated, “As reported to you, OSMAPAC has confirmed through its independent auditor that Ms. Patton, a former Ohio State Medical Association employee, misappropriated these funds during this period.” The text also included the date, check number and amount of the misappropriations, which totaled \$22,450.00 (Image 25980607836).

On December 7, 2005, a Request for Additional Information (“RFAI”) was sent to the Committee referencing the Amended 2005 Mid-Year Report, received July 29, 2005. The RFAI asked for clarification regarding the \$6,950.00 in disbursements which were disclosed as memo entries but did not appear to correspond with any itemized transactions on the report (Image 25038932637).

On December 29, 2005, Ms. Cooper called the RAD analyst to discuss the RFAI referencing the Amended 2005 Mid-Year Report. Ms. Cooper asked why the amended report was questioned when she was given specific reporting instructions from the Analyst concerning the Committee’s embezzled funds. The Analyst explained the difference between filing a “memo text” and a “memo entry” and noted that the

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Committee had been advised to explain the embezzlement as a memo text. The Analyst further highlighted that the Committee filed the embezzled disbursements as memo entries, which omitted dollar amounts from the line totals of the report. The memo entries thereby did not affect the cash-on-hand total. The Analyst provided instructions to Ms. Cooper on creating a memo text for the report in FECfile software. Finally, the Analyst advised to amend the report by deleting the memo entries, recreating them as regular entries, and adding the memo text to the report (Attachment 2).

On December 30, 2005, the Committee filed an Amended 2005 Mid-Year Report covering the period from January 1, 2005 through June 30, 2005 (Image 25991047232). The report disclosed six (6) expenditures to "Ms Jamee Patton" as regular (non-memo) entries totaling \$6,950.00 on Schedule B for Line 21(b) (Other Federal Operating Expenditures) (Images 25991047274-76). In addition, the Committee included a memo text which stated, "OSMAPAC disclosed to FEC Campaign Finance Analyst Jennifer Thangavelu on July 12, 2005 that OSMAPAC confirmed through its independent auditor that Jamee L. Patton, a former Ohio State Medical Association employee, misappropriated \$6950 during this reporting period. See line 21(b)." (Image 25991047306)

On January 3, 2006, Ms. Cooper called the RAD analyst to discuss the Committee's response to the RFAI referencing the Amended 2005 Mid-Year Report. Ms. Cooper stated that the Committee filed an amendment and she wanted to know if the report was correct. The Analyst did not review the report with Ms. Cooper on the phone, but stated that any discrepancies would be addressed with another RFAI. The Analyst also stated that as long as the Committee changed the memo entries to non-memo entries and provided an explanatory memo for the report, the Committee's response should be adequate. Ms. Cooper said that the Committee converted the previous memo entries into non-memo entries, but only included one memo text entry to explain the embezzlement. The Analyst suggested that the Committee could file a miscellaneous text submission (Form 99) to provide further clarification, if necessary (Attachment 2).

On January 5, 2006, the Committee filed a miscellaneous text submission referencing the Amended 2005 Mid-Year Report. The miscellaneous text submission stated, "Although we acted in good faith to correctly submit the 2005 Mid-Year Report, because of technical issues which were identified after our submission, we are now submitting a corrected report." The text further stated, "As reported to you, OSMAPAC has confirmed through its independent auditor that Ms. Patton, a former Ohio State Medical Association employee, misappropriated these funds during this period. We call your attention to the memo text attached to the April 5, 2005 itemized entry associated with Line 21(b). This memo applies to each of the transactions listed below and these transactions are also documented in the OSMAPAC's 2005 Amended Midyear Report, Schedule B, Line 21(b)." The text also included the date, check number and amount of the misappropriations, which totaled \$ 6,950.00 (Image 2699022219).

To date, no further communication has been received from the Committee regarding this matter.

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OHIO STATE MEDICAL ASSOCIATION POLITICAL ACTION COMMITTEE (OSMAPAC),

Maglione, Timothy

3401 Mill Run Drive

Hilliard

NON-PARTY QUALIFIED

ID #C00003327

FILING FREQUENCY: QUARTERLY

OH 43026

FORM TYPE	RPT TYPE	AI	PGI	REC DATE	PGS	BEG IMAGE	COVERAGE DATES	BEG CASH	RECEIPTS	DISBURSE	END CASH	DEBTS BY
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MS			T	7/29/2005	1	25970841751						
MS			T	7/29/2005	1	25980607832						
MS			T	7/29/2005	1	25980607833						
MS			T	7/29/2005	2	25980607834						
MS			T	7/29/2005	2	25980607836						
MS			T	1/05/2006	2	26990022219						

RQ	MY	2		12/07/2005	4	25038932637	1/01/2005 6/30/2005					
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3	MY	N	P	7/27/2005	5	25980604778	1/01/2005 6/30/2005	0	0	0	0	0
3	MY	A	P	7/29/2005	83	25970840547	1/01/2005 6/30/2005	216264	113638	78612	251290	0
2	MY	A	P	12/30/2005	75	25991047232	1/01/2005 6/30/2005	0	39017	85562	46544-	0
	YE	N	P	1/26/2006	57	26990125880	7/01/2005 12/31/2005	251290	70483	194241	127532	0
							TOTAL		109500	279803		

OHIO STATE MEDICAL ASSOCIATION POLITICAL ACTION COMMITTEE (OSMAPAC)

Maglione, Timothy

3401 Mill Run Drive

Hilliard

NON-PARTY QUALIFIED

ID #C00003327

FILING FREQUENCY: QUARTERLY

FORM TYPE	RPT TYPE	AI	PGI	REC DATE	PGS	BEG IMAGE	COVERAGE DATES	BEG CASH	RECEIPTS	DISBURSE	END CASH	DEBTS BY
1			A	11/10/2004	8	24962863721						
1			A	12/22/2004	8	24991489624						
MS			T	12/28/2004	10	24038673724						
RQ			1	12/01/2004	3	24038641172	12/01/2004					
3	MY	N	P	7/23/2003	67	23991548074	1/01/2003 6/30/2003	177993	111700	64819	224874	0
3	YE	N	P	1/28/2004	58	24990204721	7/01/2003 12/31/2003	224874	70131	89035	205971	0
3	Q1	N	P	4/13/2004	35	24990967258	1/01/2004 3/31/2004	205971	64838	46743	224066	0
3	Q2	N	P	7/15/2004	48	24961840519	4/01/2004 6/30/2004	224066	80627	52390	252304	0
3	Q3	N	P	10/15/2004	65	24971727574	7/01/2004 9/30/2004	252304	63358	128202	187460	0
3	30G	N	P	12/02/2004	18	24981589117	10/01/2004 11/22/2004	187460	32211	12495	207177	0
3	YE	N	P	1/31/2005	15	25970107909	11/23/2004 12/31/2004	207177	10782	1695	216264	0
							TOTAL		433647	395379		

OHIO MEDICAL POLITICAL ACTION COMMITTEE (OMPA)

TIM MAGLIONE JD

FILING FREQUENCY QUARTERLY

3401 MILL RUN DRVIE

HILLIARD

NON-PARTY QUALIFIED
OH 43026

ID #C00003327

FORM TYPE	RPT TYPE	AI	PGI	REC DATE	PGS	BEG IMAGE	COVERAGE DATES	BEG CASH	RECEIPTS	DISBURSE	END CASH	DEBTS BY
MS			T	3/11/2002	2	22037494221						
RQ	MY	2		1/16/2002	6	22037393405	1/01/2001 6/30/2001					
RQ	MY	3		2/07/2002	8	22037433473	1/01/2001 6/30/2001					
3	MY	N	P	7/26/2001	72	21990260520	1/01/2001 6/30/2001	44564	103669	66677	81556	0
3	MY	A	P	2/27/2002	57	22990485913	1/01/2001 6/30/2001	44564	96839	66800	74603	0
3	YE	N	P	1/31/2002	115	22990335840	1/01/2001 12/31/2001	44564	178372	90550	132386	0
3	YE	N	P	1/31/2002	115	22990340464	1/01/2001 12/31/2001	44564	178372	90550	132386	0
3	YE	A	P	4/19/2002	69	22990774123	7/01/2001 12/31/2001	74603	82907	65772	91738	0
3	YE	A	P	10/14/2002	70	22992050308	7/01/2001 12/31/2001	74603	95107	75172	94538	0
	Q1	N	P	4/15/2002	43	22990702841	1/01/2002 3/31/2002	91738	85796	37915	139620	0
	Q1	A	P	10/14/2002	43	22992050532	1/01/2002 3/31/2002	94538	85796	37915	142420	0
	Q2	N	P	7/15/2002	53	22991395565	4/01/2002 6/30/2002	142420	64919	78900	128439	0
	Q3	N	P	10/15/2002	27	22992072265	7/01/2002 9/30/2002	128439	40614	31150	137904	0
	30G	N	P	12/04/2002	56	22992799064	10/01/2002 11/25/2002	137904	57828	34250	161482	0
	YE	N	P	1/23/2003	10	23990125549	11/26/2002 12/31/2002	161482	11565	0	173048	0
	YE	A	P	1/24/2003	14	23990134911	11/26/2002 12/31/2002	161482	16510	0	177993	0
TOTAL									457613	324187		

OHIO MEDICAL POLITICAL ACTION COMMITTEE (OMPA)

TIM MAGLIONE JD

FILING FREQUENCY QUARTERLY

3401 MILL RUN DRIVE

HILLIARD

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OH 43026

ID #C00003327

FORM TYPE	RPT TYPE	AI	PGI	REC DATE	PGS	BEG IMAGE	COVERAGE DATES	BEG CASH	RECEIPTS	DISBURSE	END CASH	DEBTS BY
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RQ	Q1	5		4/21/2000	2	20035542082	1/01/2000 3/31/2000					
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3	MY	N	P	7/30/1999	21	99990057922	1/01/1999 6/30/1999	31825	88915	55536	65204	0
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3	YE	N	P	1/13/2000	41	20990011492	7/01/1999 12/31/1999	65204	89958	83127	72035	0
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3	Q1	N	P	4/06/2000	15	20990092062	1/01/2000 3/31/2000	72035	62789	52841	81983	0
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3	Q2	N	P	7/13/2000	14	20990162394	4/01/2000 6/30/2000	81983	24144	44145	61981	0
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3	Q2	A	P	1/31/2001	14	21990029063	4/01/2000 6/30/2000	81983	24519	44145	62356	0
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	Q3	N	P	10/17/2000	22	20990225270	7/01/2000 9/30/2000	61981	46999	55665	53316	0
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	Q3	A	P	12/06/2000	56	20990257422	7/01/2000 9/30/2000	62356	64829	55665	71521	0
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	Q3	A	P	1/31/2001	18	21990029387	7/01/2000 9/30/2000	62356	42879	55665	49571	0
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	30G	N	P	12/06/2000	13	20990257972	10/01/2000 11/27/2000	71521	23923	43265	52179	0
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	30G	A	P	1/31/2001	19	21990029509	10/01/2000 11/27/2000	49571	26823	43265	33129	0
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	YE	N	P	1/31/2001	8	21990029549	11/28/2000 12/31/2000	33129	11435	0	44564	0
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TOTAL

347318

334579

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Committee ID: C0000332

Multi-Candidate Status/Date: Yes

Committee Name: OHIO STATE MEDICAL ASSOCIATION POLITICAL ACTION
COMMITTEE (OSMAPAC)

Date Effective: 1/1/1975

Committee Designation: UNAUTHORIZED

Committee Type: QUALIFIED NON-PARTY(SEE 2USC SECT.441(A)(4))

Filing Frequency: QUARTERLY FILER

Treasurer Name: TIMOTHY MAGLIONE

Committee Address: 3401 MILL RUN DRIVE
HILLIARD, OH 43026

Analyst Assigned: Jennifer Thangavelu

Special Interest Group: Trade

Contact	Communication Date	Analyst Name	Date of Entry	Type
Almeta Cooper	1/3/2006	Jennifer Thangavelu	1/3/2006	Phone Call
Summary	Ms. Cooper called regarding the cmte's response to an RFAI for the 2005 MY report. The cmte had just filed an amendment, and she wanted to know if the report was correct now. I said that I could not go over a filed report with her over the phone, since any discrepancy that I point out must be done on the public record, i.e., with another RFAI. However, I said that as long as she followed my directions (given last week) to change the memo entries to non-memo entries and provide explanatory memo for the report, then the committee would be fine. She said that they had converted the memo entries to non-memo entries, but that the memo text (that was supposed to explain the embezzlements) ended up being filed just for one entry instead of for the entire report. I said that more information is always better than less, so the committee could file a Form99 if it felt it was necessary to clarify.			
Almeta Cooper	12/29/2005	Jennifer Thangavelu	12/29/2005	Phone Call
Summary	Ms. Cooper called regarding the RFAI for the 2005 MY A (7/29/05). She said that I had given her specific instructions on how to report the embezzled funds we discussed earlier this year, so she couldn't understand why I was questioning their reporting method. I explained that the improper disclosure resulted from the committee's confusion of "memo text" and "memo entry." I noted that I had advised the committee to provide an explanation of the embezzlements in memo text on the report, but the committee had instead created memo entries for the embezzlements. I explained that memo text is just text filed with the report that provides additional information not disclosed in the entries on the report, while memo entries are informational entries whose dollar amounts are not included in the line totals of the report and don't affect the cash on hand. I said that whoever prepared the report must have checked off the "Memo" box on each of the affected entries--and that made them into memo entries. I walked her through how to create memo text for the report in FECFile. I advised her to amend the report by deleting the memo entries, recreating them as regular entries, and add memo text to the report. She said that she understood.			

Comments				
Almeta Cooper	7/14/2005	Jennifer Thangavelu	7/14/2005	Phone Call
Summary	<p>I called Ms. Cooper back after consulting D. Chacona regarding how the cmte should report the former PAC employee's embezzlement of funds and insurance company payout to cover the theft. For the years 2000-2004, I advised her to file a Form99 to disclose the dates and amounts of each theft. For the 2005 MY report, I advised her to itemize the stolen amounts on Schedule B for Line 21b. For the 2005 YE report (the reporting period in which she expects the insurance payout to occur), I advised her to disclose that payment on Line 17 with a full explanation in memo text accompanying the report. She asked whether it would suffice to just state in the Form99 for 2000-2004 the amounts stolen per year, instead of per theft-disbursement. I said that my supervisor had requested this method of disclosure. I asked again (as I had during our last conversation) how the employee had managed to hide the amounts she was stealing on the FEC reports, if the amounts were not disclosed on the reports but the ending cash on hand accurately reflected the thefts. Were the amounts so small that they were unitemized in the software? She seemed to have difficulty grasping the difference between schedules and line numbers for the SP/DSP, and itemize vs. unitemized. I explained as well as I could. She thanked me and said that she would probably call back with more questions later.</p>			
Comments				
Contact	Communication Date	Analyst Name	Date of Entry	Type
Almeta Cooper	7/12/2005	Jennifer Thangavelu	7/12/2005	Phone Call
Summary	<p>Ms. Cooper, Terrence O'Donnell (Bricker & Eckler), and Kent Studebaker (Sr. Director, OSMA) called to ask what disclosure action to take regarding the following activity: an employee of OSMAPAC stole money from the PAC over a period of years, from 2000 to June 30, 2005. She diverted the money to herself by disguising it as payments to AMAPAC. However, these payments did not show up on any of the cmte's FEC reports; they were reflected only on the cmte's own books. So on the FEC reports, only the cash on hand reflects the amounts this employee was diverting to herself. OSMA is insured against this type of theft, and as the policyholder plans to reimburse OSMAPAC when payment is received from the insurance company. Ms. Cooper et al wanted to know how to properly disclose this reimbursement. I said that I would check with my supervisor to determine the proper disclosure, and would call back. Ms. Cooper's number is 614-527-6768.</p>			
Comments				